P G BHAGWAT LLP
Chartered Accountants
LLPIN: AAT-9949

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INDEPENDENT AUDITORS' REPORT

To the Members of
Praj GenX Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Praj GenX Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the period 15th March 2023 to 31st March 2024, and notes to the Financial Statements, including a summary of Material Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its loss (including other comprehensive income) for the period March 15th, 2023 to 31st March 2024, its changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board of Directors' Report along with its Annexures (together referred to as "the other information") included in the Annual Report but does not include the Financial Statements and our Auditor's Report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

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as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with respect to the Financials Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2 j) (vi) below on reporting under Rule 11(g).

c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With reference to the maintenance of accounts and other matters connected therewith, refer to our comment in Paragraph 2 (b) above and refer to our comment in paragraph 2(j)(vi) below, on reporting under rule 11 (g).

g) With respect to the adequacy of the internal financial controls with reference to the Financials Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.

h) In our opinion and according to the information and explanations provided to us, being newly incorporated company, the limits under the provisions of section 197 read with schedule V Part II section III of the Act is not applicable.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company did not have any pending litigations that would have an impact on its financial position for period ended March 31, 2024.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) (a) The Management has represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate

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Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Refer note 34(vi)

(b) the Management has represented to us, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Refer note 34(vi)

(c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the Management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contains any material misstatement.

(v) The Company has not declared and paid dividend during the period. Accordingly reporting on compliance with Section 123 of the Act is not applicable.

(vi) Based on our examination which included test checks, the Company, has used an accounting software, for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the period for all relevant transactions recorded in the software except that no audit trail (edit log) facility/feature was enabled at the database level to log any direct changes. During the course of our audit, so far it relates to audit trail in respect of transactions, we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial period ended March 31, 2024.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number: 101118W/W100682

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Abhijeet Bhagwat
Partner
Membership Number: 136835
UDIN: 24136835BKBGVS8975

Pune
May 28, 2024

Annexure A to the Independent Auditors' Report

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

(i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment though property, plant and equipment all have been sold as of March 31, 2024.

(B) The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has established a policy of physical verification of its property, plant and equipment by which its property, plant and equipment will be verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification of property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets. The Company has started its operations and procurement of PPE in the second half of FY 2023-24 and therefore no verification was conducted during the period. As informed to us verification will start in FY 2024-25.

(c) The Company does not have any immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company). Accordingly, reporting on clause 3(i) (c) of the Order is not applicable.

(d) The Company has chosen cost model for its property, plant and equipment (including Right to Use Assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of property, plant and equipment (including Right to Use Assets) or intangible assets does not arise.

(e) According to the information and explanations provided to us, there are no proceedings that have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the period. In our opinion, the frequency, coverage and procedure of such verification is reasonable and appropriate. The discrepancies noticed on verification between the physical stocks and the book records were not 10% or more in the aggregate for each class of inventory and have been properly dealt with in the books of account.

(b) According to the information and explanations provided to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Accordingly, reporting on clause (ii) (b) of the Order is not applicable.

(iii) According to the information and explanations provided to us, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the

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period and does not have any opening loan balances. Accordingly, reporting on clause 3 (iii) (a), (b) (c), (d), (e) and (f) of the Order is not applicable. The Company has not made any investments.

(iv) According to information and explanation provided to us, the Company has not granted any loans, made investments, provided guarantees and securities that are covered under the provisions of Sections 185 and 186 of the Act. Accordingly, reporting on clause 3.(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules made thereunder or amounts which are deemed to be deposits. Accordingly, reporting on clause 3 (v) of the Order is not applicable.

(vi) According to information and explanation provided to us, maintenance of cost records under sub-section (l) of section 148 of the Act is not applicable. Accordingly, reporting on clause 3 (vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues have been generally regularly deposited during the period by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues referred in sub clause (a) above were in arrears as at March 31, 2024, for a period of more than six months from the date they became payable.

(b) According to the information and explanation provided to us, there are no statutory dues referred to in clause (vii) (a) which have not been deposited because of any dispute.

(viii) According to the information and explanations given to us and records examined by us, there are no transactions which were not recorded in the books of account and have been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a)Based on our audit procedures; in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or interest thereon to any lender.

(b) According to the information and explanations given to us, our audit procedures and as represented to us by the Management, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanations given to us and in our opinion, term loans availed by the Company in the current period have been prima facie; applied for the purpose for which they were obtained.

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

(d) On an overall examination of the Financial Statements of the Company, funds raised on short-term basis have, prima facie, been used during the period for long-term purposes by the Company.
(e) According to the information and explanations given to us, The Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting on clause 3 (ix) (e) of the Order is not applicable.

(f) According to the information and explanations given to us The Company does not have any subsidiaries, joint ventures or associate companies. Accordingly, reporting on clause 3 (ix) (f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting on clause 3 (x) (a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the period. Accordingly, reporting on clause 3 (x) (b) of the Order are not applicable.

(xi) (a) Based upon the audit procedures performed by us and according to the information and explanation provided to us by the Management, no fraud by the Company and no fraud on the Company has been noticed or reported during the period.

(b) According to information and explanation provided to us and based on our examination of records, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the period and up to the date of this report.

(c) According to information and explanation provided to us, establishment of vigil mechanism is not mandated under the Act. Accordingly, reporting on clause 3 (xi) (c) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting on clause 3 (xii) (a), (b) & (c) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with and 188 of the Act, where applicable, and the details of transactions have been disclosed in the Financial Statements as required by Ind AS 24 'Related Party Disclosures'. Refer note 27 to the Financial Statements. Section 177 of the Act is not applicable to the Company for the period ended March 31, 2024.

(xiv) According to the information and explanations given to us, section 138 of the Act which mandates internal audit system is not applicable to the Company. Accordingly, reporting on clause of the Order 3 (xiv) is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

directors or persons connected with them during the period. Accordingly, reporting on clause 3 (xv) of the Order is not applicable.

(xvi) (a)In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India, 1934. Accordingly, reporting on clause 3(xvi) (b) & (c) of the Order is not applicable.

(d) According to the information and explanations given to us, there is no Core Investment Company within the Group. Accordingly, reporting on clause 3(xvi) (d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses in the current period. The Company was incorporated on 15th March 2023 and started operation in second half of FY 2023-24. Therefore, no previous year is presented in the Financial Statements.

(xviii) There has been no resignation of the statutory auditors during the period. Accordingly, reporting on clause 3 (xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and Management plans (refer note 36) and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the provisions of section 135 of the Act are not applicable to the Company. Accordingly, reporting on clause 3(xx) of the Order is not applicable.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Abhijeet Bhagwat
Partner
Membership Number: 136835
UDIN: 24136835BKBGVS8975

Pune
May 28, 2024

Annexure B to the Independent Auditors' Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the Financials Statements of Praj GenX Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Financials Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Financials Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Financials Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financials Statements included obtaining an understanding of internal financial controls with reference to the Financials Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Financials Statements.

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to the Financials Statements, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Financials Statements to future periods are subject to the risk that the internal financial control with reference to the Financials Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the Financials Statements and such internal financial controls with reference to the Financials Statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

P G BHAGWAT LLP
PUNE
CHARTERED ACCOUNTANTS

Abhijeet Bhagwat
Partner
Membership Number: 136835
UDIN: 24136835BKBGVS8975

Pune
May 28, 2024

Praj GenX Limited
Balance Sheet as at 31st Mar 2024
(All amounts are in Indian rupees million unless otherwise stated)

Particulars	Note no.	31 March 2024
ASSETS		
Non-current assets		
Property, plant and equipment	3	1528.943
Capital work-in-progress	3	20.295
Intangible assets	3	6.954
Financial assets		
Others	4	149.543
Deferred tax assets (net)	22D	6.348
Other assets	5	76.514
		1788.597
Current assets		
Inventories	6	11.401
Financial assets		
Trade receivables	7	90.969
Cash and cash equivalents	8	236.430
Others	4	0.034
Current tax asset (net)		0.027
Other assets	5	24.270
		363.132
TOTAL ASSETS		**2151.729**
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	9	0.500
Other equity	10	(32.740)
TOTAL EQUITY		**(32.240)**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Lease Liability		1193.356
Provisions	12	2.165
		1195.520
Current liabilities		
Financial liabilities		
Borrowings	11	828.234
Trade payables	13	
(i) Total outstanding dues of micro enterprises and small enterprises		19.946
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		56.402
Lease Liability		68.563
Other financial liabilities	14	10.017
Other current liabilities	15	5.136
Provisions	12	0.152
		988.449
TOTAL LIABILITIES		**2183.969**
TOTAL EQUITY AND LIABILITIES		**2151.729**
Corporate Information	1	
Summary of material accounting policies	2	
The accompanying notes are an integral part of the financial statements.		

As per our report of even date.

For P G BHAGWAT LLP
Chartered Accountants
Firm Regn. No: 101118W/W100682

Abhijeet Bhagwat
Partner
Membership No.: 136835

Place: Pune
Date: 28 May 2024

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of Praj GenX Limited

Dr. Pramod Chaudhari
Chairman
(DIN : 00196415)

Abhijit Dani
CBO and Whole time Director
(DIN : 6767700)

Shishir Joshipura
Director
(DIN : 00574970)

Place: Pune
Date: 28 May 2024

Sachin Raole
Director
(DIN : 00431438)

Place: Pune
Date: 28 May 2024

Hiranya Deshmukh
Company Secretary
(M. No.: A51912)

Place: Pune
Date: 28 May 2024

Praj GenX Ltd INDIA

Praj GenX Limited

Statement of Profit and Loss for the period from 15th March 2023 to 31st March 2024

(All amounts are in Indian rupees million unless otherwise stated)

Particulars	Note no.	31 March 2024
INCOME		
Revenue from operations	16	196.163
Other income	17	5.755
Total income		**201.919**
EXPENSES		
Cost of materials consumed	18	0.039
Employee benefits expense	19	59.641
Finance costs	20	86.687
Depreciation and amortisation expense	3	45.993
Exchange (gain) / loss		(1.411)
Other expenses	21	49.236
Total expenses		**240.185**
Profit before exceptional items and tax		**(38.266)**
Profit before tax		**(38.266)**
Tax expense	22	
Current tax		0.000
Deferred tax		(6.207)
Total tax expense		(6.207)
Profit for the year		**(32.059)**
Other comprehensive income		
Items that will not be reclassified to profit and loss:		
Re-measurement of defined benefit plans		(0.822)
Income tax effect		0.141
Other comprehensive income		**(0.681)**
Total comprehensive income for the		**(32.740)**
Earnings per equity share (In Rs.) (Nominal value per share INR 2 each)	23	
Basic		(150.20)
Diluted		(150.20)
Corporate Information	1	
Summary of material accounting policies	2	
The accompanying notes are an integral part of the financial statements.		

As per our report of even date.

For P G BHAGWAT LLP
Chartered Accountants
Firm Regn. No: 101118W/W100682

For and on behalf of the Board of Directors of Praj GenX Limited

Dr. Pramod Chaudhari
Chairman
(DIN : 00196415)

Abhijit Dani
CBO and Whole time Director
(DIN : 6767700)

Abhijeet Bhagwat
Partner
Membership No.: 136835

Shishir Joshipura
Director
(DIN : 00574970)

Sachin Raole
Director
(DIN : 00431438)

Hiranya Deshmukh
Company Secretary
(M. No.: A51912)

Place: Pune
Date: 28 May 2024

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Place: Pune
Date: 28 May 2024

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Praj GenX Ltd INDIA

Praj GenX Limited

Cash flow statement for the period from 15th March 2023 to 31st March 2024

(All amounts are in Indian rupees million unless otherwise stated)

		31 March 2024
A.	**Cash flow from operating activities**	
	Net profit before tax	(38.266)
	Adjustments for:	
	Depreciation and amortisation	45.993
	Interest earned	(0.272)
	Interest on account of unwinding of security deposits	(5.484)
	Interest on Lease Liability	53.649
	Interest expense	33.038
	Operating profit before working capital changes	**88.659**
	Changes in working capital	
	Decrease/ (increase) in trade receivables	(90.969)
	(Increase)/decrease in inventories (including contracts in progress)	(11.401)
	(Increase)/decrease in other non-current financial assets	(214.040)
	(Increase)/decrease in current financial assets-others	(0.034)
	Decrease/(increase) in other current assets	(24.270)
	(Decrease)/increase in trade payables	76.347
	(Decrease) in other current financial liabilities	10.017
	(Decrease)/increase in other current liabilities	5.136
	(Decrease)/Increase in long term provisions	1.342
	(Decrease)/Increase in short term provisions	0.152
	Cash generated from operations	**(159.061)**
	Direct taxes paid (including taxes deducted at source), net of refunds	(0.027)
	NET CASH FROM OPERATING ACTIVITIES	**(159.089)**
B.	**Cash flow from investing activities**	
	Purchase of property, plant and equipment and intangible assets	(218.803)
	Interest received on investments	0.272
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(218.532)**
C.	**Cash flow from financing activities**	
	Proceeds from issue of equity shares	0.500
	Proceeds from borrowings	798.500
	Interest on Lease Liability	(53.649)
	Principal payment on Leases	(127.997)
	Interest paid	(3.304)
	NET CASH FROM / (USED) IN FINANCING ACTIVITIES	**614.050**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	236.430
	Cash and cash equivalents at the beginning of the period (Refer Note 8)	-
	Cash and cash equivalents at the end of the period (Refer Note 8)	**236.430**

Notes:

The statement of cash flows has been prepared under the 'Indirect method' as set out in Ind AS 7

The accompanying notes are an integral part of the cash flow statement

As per our report of even date.

For P G BHAGWAT LLP
Chartered Accountants
Firm Regn. No: 101118W/W100682

Abhijeet Bhagwat
Partner
Membership No.: 136835

Place: Pune
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P G BHAGWAT LLP CHARTERED ACCOUNTANTS PUNE

Praj GenX Ltd INDIA

Praj GenX Limited

Statement of changes in equity for the period ended 31st March 2024

(Amounts in Indian Rupees million unless otherwise stated)

A. Equity share capital

Balance as on 15 March 2023	Changes in equity share capital during the year	Balance as on 31 March 2024
-	0.500	0.500

B. Other equity

Particulars	Reserves and Surplus	Total
	Retained earnings	
Balance at the beginning of the reporting period as at 15 March 2023	-	-
Profit for the year	(32.059)	(32.059)
Other comprehensive income	(0.681)	(0.681)
Balance as at 31 March 2024	**(32.740)**	**(32.740)**

Corporate Information	1
Summary of material accounting policies	2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For P G BHAGWAT LLP
Chartered Accountants
Firm Regn. No: 101118W/W100682

Abhijeet Bhagwat
Partner
Membership No.: 136835

Place: Pune
Date: 28 May 2024

G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

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Hiranya Deshmukh
Company Secratery
(M. No.: A51912)

Place: Pune
Date: 28 May 2024

Praj GenX Ltd INDIA

Praj GenX Limited

Notes to the financial statements for the period from 15th March 2023 to 31st March 2024

1. The corporate overview

Praj Genx Limited ('PGX' or 'the Company') is a public company domiciled in India and was incorporated on 15 March 2023 under the provisions of Companies Act, 2013 as a wholly owned subsidiary of Praj Industries Limited.

The Company's registered office is "Praj Tower", S. No. 274 and 275/2, Bhumkar Chowk, Hinjewadi Road, Hinjewadi, Pune – 411057, Maharashtra, India.

The Company is engaged in the business of manufacturing and supply of Modularised systems and Equipment in Energy Transition and Climate Action sector ("ETCA") at its world-class manufacturing facility located at Mangalore, Karnataka. This facility is accredited with ASME U, U2, S and R stamps, ISO certifications, and also EN1090 and EN 3834 certifications.

The Company designs modular process plants to provide customers with a preliminary evaluation of the system's feasibility and cost-effectiveness, and later undertakes manufacturing of the same.

2. Material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements.

2.1 Basis of preparation

The financial statements of the company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The company has elected to present (gains) or losses arising from foreign exchange differences in a separate line item "Exchange (gain)/ loss" on the face of the statement of profit and loss.

The financial statements were authorised for issue by the Board of Directors on 28 May 2024.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Defined benefit plan assets	Fair value

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the company's functional currency. All amounts have been rounded-off to the nearest million, as per the requirements of Schedule III, unless otherwise stated.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Actual estimates may differ from these estimates.

Detailed information about each of these estimates and judgements is included in relevant notes.

The areas involving critical estimates and judgements are:

- Recognition of deferred tax assets for carried forward tax losses – Note 22D
- Estimation of defined benefit obligation – Note 29
- Recognition of revenue – Note 25
- Tenure of cancellable period of lease – Note 28

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Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognised prospectively.

2.5 Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset as current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Property, plant and equipment

– Recognition and measurement

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

– Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

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- **Disposal**

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/ expenses in the statement of profit and loss.

- **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act, 2013, as assessed by the management of the company based on technical evaluation. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Useful life (in years)
Plant and machinery	3 - 7.5
Computers and office equipment	5 - 6
Vehicles	8
Furniture and fixtures	10

2.7 Intangible assets

- **Recognition and measurement**

Intangible assets are recognised when the asset is identifiable, is within the control of the company, it is probable that the future economic benefits that are attributable to the asset will flow to the company and cost of the asset can be reliably measured.

Expenditure on research activities is recognised in the statement of profit and loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the company intends to and has sufficient resources to complete development and to use or sell the asset.

Intangible assets acquired by the company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for current period are as follows:

Asset	Useful life
Software	5 years

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2.8 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortises the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II to the Act. Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

2.9 Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Inventories

Raw materials, components, stores and spares, work-in-progress and finished goods are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, components, stores and spares comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

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Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.12 Revenue recognition

Revenue is recognised when performance obligation is satisfied by transferring promised goods or services and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the transaction price (consideration) allocated to performance obligation adjusted for returns, trade allowances, rebates, and excludes taxes collected from customer on behalf of government and amounts collected on behalf of third parties.

- **Contract revenue**

Revenue from fixed price contracts is recognised over time, when the outcome of the contract can be estimated reliably by reference to the percentage of completion of the contract on the reporting date under input method. Percentage of completion is determined as a proportion of costs incurred-to-date to the total estimated contract costs. In respect of process technology and design and engineering contracts percentage of completion is measured with reference to the milestones specified in the contract, which in the view of the management reflects the work performed and to the extent it is reasonably certain of recovery.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to the contract activity and allocable to the contract. Costs that cannot be attributed to contract activity are expensed when incurred.

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. The provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue.

Variations, claims and incentives are recognised as a part of contract revenue to the extent it is probable that they will result in revenue and are capable of being reliably measured.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenues from the project / activity and the foreseeable losses to completion.

Execution of contracts necessarily extends beyond accounting periods. Revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known.

- **Sale of goods and rendering of services**

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Revenue from services is recognised as the related services are performed.

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2.13 Other income

- **Interest income**

Interest income from debt instruments is recognised using effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Dividends**

Dividends are recognised in the statement of profit and loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount can be measured reliably.

- **Export benefits**

Export benefits in the form of Duty Draw Back / Merchandise Exports Incentive Scheme (MEIS) / Service Exports Incentive Scheme (SEIS) claims are recognised in the statement of profit and loss on receipt basis.

2.14 Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

2.15 Employee benefits

- **Short-term employee benefits**

Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognised in the period in which the employee renders the related service.

- **Post-employment benefits**

Defined contribution plans

Contributions to the provident fund, and slabour welfare fund, which are defined contribution schemes, are recognised as an employee benefit expense in the statement of profit and loss in the period in which the contribution is due.

Defined benefit plans

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields

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on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises gains/ losses on settlement of a defined plan when the settlement occurs.

Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as determined by actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Termination benefits

Termination benefits are expensed at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.16 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

- **Company as a Lessee**

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

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Right to use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

- **Company as a Lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

Key sources of estimation uncertainty in the application of Ind AS 116 included the estimation of the lease term.

2.17 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2.18 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

- **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date in the country where the company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent that there is convincing evidence that

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the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

- **Deferred tax**

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- Taxable temporary differences arising on the initial recognition of goodwill.
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

2.19 Provisions and contingencies

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Contingent liability is disclosed in case of
- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent asset is not recognised in the financial statements. A contingent asset is disclosed, where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider
- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.22 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- **Financial assets**

Classification

The company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI, or through profit or loss);
- those measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

The company classifies debt investments when and only when its business model for managing those assets changes.

Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are satisfied:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using effective interest rate (EIR) method.

Debt instruments at fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other gains / losses. Interest income from these financial assets is included in other income using EIR method.

Debt instruments at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the statement of profit and loss within other gains / losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

All equity investments in the scope of 'Ind AS 109 - Financial instruments' are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to recognise subsequent changes in the fair value in OCI. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Derecognition

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial assets

The company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by 'Ind AS 109 - Financial instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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- **Non-derivative financial liabilities**

Recognition

The company initially recognises borrowings, trade payables and related financial liabilities on the date on which they are originated.

All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

Measurement

Non-derivative financial liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, these liabilities are measured at amortised cost using EIR method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with 'Ind AS 37 - Provisions, contingent liabilities and contingent assets' and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

- **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.23 Cash dividend to equity holders

The company recognises a liability to make cash distributions to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.24 Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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Notes to the financial statements for the period ended on 31st March 2024

(All amounts are in Indian rupees million unless otherwise stated)

3 **Property, plant and equipment, capital Work-in-progress, investment property and intangible assets**

	Property, plant and equipment									Intangible Assets		
	Factory Building	Plant and machinery		Computers and office equipment		Vehicles		Furniture and fixtures	Total	Software	Total	Grand total
	Right-of-Use	Owned	Right-of-Use	Owned	Right-of-Use	Owned	Right-of-Use	Owned				
Gross block												
As at 15 March 2023	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the year	1194.137	185.504	263.148	5.597	1.577	1.203	1.034	0.868	1653.067	7.466	7.466	1660.533
Deletions during the year	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2024	**1194.137**	**185.504**	**263.148**	**5.597**	**1.577**	**1.203**	**1.034**	**0.868**	**1653.067**	**7.466**	**7.466**	**1660.533**
Accumulated depreciation and amortisation												
As at 15 March 2023	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	40.771	3.341	1.002	0.260	0.006	0.061	0.034	0.006	45.481	0.512	0.512	45.993
Adjustment (Refer Note (ii))	78.643	-	-	-	-	-	-	-	78.643	-	-	78.643
Depreciation on deletions	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2024	**119.414**	**3.341**	**1.002**	**0.260**	**0.006**	**0.061**	**0.034**	**0.006**	**124.124**	**0.512**	**0.512**	**124.636**
Net carrying value												
As at 31 March 2024	1074.723	182.162	262.146	5.337	1.571	1.142	1.000	0.861	1528.943	6.954	6.954	1535.897

Note:

i. Refer Note 24 for contractual commitments for the acquisition of property plant and equipment.

ii. Adjustment represents depreciation capitalised in Plant and Machinery (Owned).

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3 Property, plant and equipment, capital work-in-progress, investment property and intangible assets

Details of capital work-in-progress and intangible assets under development

Particulars		31 March 2024
Balance at start of the period		-
Add: Additions during the period		20.295
Less: Capitalised/expense out during the period		-
Balance at the end of the period		**20.295**

Capital work-in-progress (CWIP) comprises of:
a. Leasehold improvements INR 11.335
b. Machinery INR 5.339
c. Office and network equipment INR 3.622

Refer Note 32C for ageing.

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Notes to the financial statements for the period ended on 31st March 2024

(All amounts are in Indian rupees million unless otherwise stated)

			31 March 2024
4	**Other financial assets**		
	Non-current		
	(Unsecured, considered good)		
	Financial assets at amortised cost		
	Security deposits		149.543
			149.543
	Current		
	Financial assets at amortised cost		
	Interest accrued on fixed deposits and bonds		0.034
			0.034
	Total other financial assets		**149.577**
5	**Other assets**		
	Non-current		
	Capital advances		76.514
			76.514
	Current		
	Advances to suppliers		6.270
	Balances with Indirect tax authorities		1.817
	Prepaid expenses		15.385
	Other advances		0.799
			24.270
	Total Other assets		**100.784**
6	**Inventories (valued at lower of cost and net realisable value)**		
	Raw materials		11.401
			11.401

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(All amounts are in Indian rupees million unless otherwise stated)

			31 March 2024
7	**Trade Receivables**		
	Current		
	-**From others**		
	Unsecured, considered good		90.969
	Unsecured, considered doubtful		-
			90.969
	Less: Impairment allowance (allowance for bad and doubtful debts)		-
			90.969
	i. Refer Note 32A for aging schedule ii. No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and generally on credit terms of 3 to 6 months.		
8	**Cash and cash equivalents**		
	Balances with banks		
	In current accounts		223.689
	Deposits with original maturity of less than 3 months		12.717
	Cash on hand		0.024
			236.430

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Notes to the financial statements for the period ended on 31st March 2024
(All amounts are in Indian rupees million unless otherwise stated)

			31 March 2024
9	**Equity Share Capital**		
	Authorised shares		
	5,000,000 equity shares of INR 2 each		10.000
	Issued, subscribed and fully paid-up shares		
	250,000 equity shares of INR 2 each		0.500
	Total		**0.500**

			31 March 2024	
a.	**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:**			
	Equity shares of INR 2 each fully paid		**No.**	**Amount**
	At the beginning of the period		-	-
	Add: Allotted during the period*		2,50,000	0.500
	Outstanding at the end of the period		**2,50,000**	**0.500**

**Shares were alloted on 10 May 2023*

b. **Terms/ Rights attached to equity shares:**

The Company has only one class of equity shares having a par value of INR 2 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors have not proposed any final dividend for the financial period ended 31 March 2024.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing all preferential amounts.

			31 March 2024	
c.	**Shares held by holding company:**			
	Equity shares of INR 2 each fully paid		**No.**	**% of holding**
	Praj Industries Limited (including nominee shareholders)		2,50,000	100.00%

			31 March 2024	
d.	**Details of shareholders holding more than 5% shares in the company:**			
	Equity shares of INR 2 each fully paid		**No.**	**% of holding**
	Praj Industries Limited (including nominee shareholders)		2,50,000	100.00%

			31 March 2024	
e.	**Details of shareholders holding of Promoters:**			
	Equity shares of INR 2 each fully paid		**No.**	**% of holding**
	Praj Industries Limited (including nominee shareholders)		2,50,000	100.00%

f. **Shares reserved for issue under options:**
No shares are reserved for issue under any Employee Stock Option Plan (ESOP).

g. **Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**
During the period of five years immediately preceding the reporting date, no shares were issued as bonus shares, or for consideration other than cash and no shares were bought back.

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(All amounts are in Indian rupees million unless otherwise stated)

			31 March 2024
10	**Other Equity**		
	Surplus in the Statement of Profit and Loss		
	Balance as at the beginning of the period		-
	Profit as per statement of profit and loss		(32.059)
	Other comprehensive income		(0.681)
	Balance as at the end of the period		**(32.740)**
	Total Other Equity		**(32.740)**

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(All amounts are in Indian rupees million unless otherwise stated)

			31 March 2024
11	**Borrowings**		
	Current - Unsecured		
	Inter Corporate Loan		828.234
			828.234
	Note:		
	i. The company has taken Inter Corporate Loan from its holding company. The same is repayable within 1 year and carries interest @MCLR+2%		
12	**Provisions**		
	Non-current		
	Provision for employee benefits		
	Compensated absences		1.344
	Gratuity (refer note 29b)		0.820
			2.165
	Current		
	Provision for employee benefits		
	Compensated absences		0.150
	Gratuity (refer note 29b)		0.002
			0.152
	Total provisions		**2.316**
13	**Trade payables**		
	Current		
	-To others		
	Total outstanding dues of micro enterprises and small enterprises (Refer note iii)		19.946
	Total outstanding dues of creditors other than micro enterprises and small enterprises		56.402
			76.347
	Notes:		
	i. Refer Note 32B for aging schedule		
	ii. Trade payables are non-interest bearing and are normally settled on 30-90 days terms		
	iii. The Company has amounts due to suppliers under The MSMED Act as at March 31, 2024. The disclosure pursuant to the said Act is as under:		
	Particulars		**31 March 2024**
	Total outstanding amount in respect of micro, small and medium enterprises		19.946
	Principal amount due and remaining unpaid		0.000
	Interest due on above and unpaid interest		0.000
	Interest paid		0.000
	Payment made beyond appointment day		0.000
	Interest due and payable for the period of delay		0.000
	Interest accrued and remaining unpaid (excluding interest accrued for earlier years)		0.000
	Amount of further interest remaining due and payable in succeeding years		0.000
	The identification of suppliers as micro, and small enterprise as defined under the MSMED Act 2006, was done on the basis of information to the extent provided by the suppliers of company.		
14	**Other financial liabilities**		
	Current		
	Employee benefits payable		9.432
	Dues to holding company (includes reimbursement payable) (refer note 27)		0.585
			10.017
15	**Other liabilities**		
	Current		
	Statutory dues payable		5.136
			5.136

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Notes to the financial statements for the period from 15th March 2023 to 31st March 2024

(All amounts are in Indian rupees million unless otherwise stated)

			31 March 2024
16	**Revenue from operations**		
	Sale of services		196.163
	Total Revenue from operations		**196.163**
17	**Other Income**		
	Interest		
	- on fixed deposits		0.272
	Interest on account of unwinding of security deposits		5.484
			5.755

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Notes to the financial statements for the period from 15th March 2023 to 31st March 2024
(All amounts are in Indian rupees million unless otherwise stated)

			31 March 2024
18	**Cost of materials consumed**		
	Raw material consumed		0.039
			0.039
19	**Employee Benefit Expenses**		
	Salaries, wages and bonus		53.408
	Contributions to provident and other funds (Refer note 29a)		2.275
	Staff welfare		3.958
			59.641
20	**Finance costs**		
	Interest expense on Inter Corporate Loan		33.038
	Interest on Lease Liability		53.649
			86.687
21	**Other Expenses**		
	Consumption of Stores and spares		1.378
	Site expenses and labour charges		1.345
	Freight and transport		0.801
	Travel and conveyance		3.446
	Professional consultancy charges		6.203
	Insurance		0.522
	Rent (Refer note 28)		2.412
	Power and fuel		2.120
	Advertising and exhibition expenses		2.373
	Communication expenses		0.258
	Repairs and maintenance:		
	Building		2.548
	Plant and Machinery		1.800
	Others		1.861
	Auditors' remuneration		
	for audit services		0.200
	Rates and taxes		3.462
	Miscellaneous expenses (Refer note i)		18.506
			49.236
	Notes: i. Mainly includes housekeeping expenses, ASME cerification expenses, donations and HSE related expenses		

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Notes to the financial statements for the period from 15th March 2023 to 31st March 2024
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	Particulars		31 March 2024
22	**Income tax**		
A	**Statement of profit and loss:**		
	Deferred tax:		
	Relating to origination and reversal of temporary differences		(6.207)
	Income tax expense reported in the statement of profit and loss		**(6.207)**
B	**Statement of other comprehensive income:**		
	Deferred tax:		
	Remeasurements gains and losses on post employment benefits		(0.141)
	Income tax expense reported in the statement of other comprehensive income		**(0.141)**
C	**Reconciliation of effective tax rate**		
	Accounting profit before tax		**(38.266)**
	Tax using the Company's domestic tax rate 17.16%		**(6.566)**
	Add: Tax effect of		
i	Stamp duty expenses		0.030
ii	Donations ineligible under Income tax		0.189
iii	Others		0.141
	Total		**(6.207)**
	Income tax expense reported in the statement of profit and loss		**(6.207)**
	Effective tax rate		**16.221%**

D	Deferred tax		31 March 2024	
	Deferred tax relates to the following:		**Balance sheet**	**Statement of profit and loss/ other comprehensive income & other equity**
	Deferred tax asset			
	Gratuity		0.141	(0.141)
	Carry forward business loss		6.207	(6.207)
	Net deferred tax asset / (liability)		**6.348**	-
	Deferred tax expense/(income)		-	**(6.348)**
	- Recognised in the statement of profit and loss		-	(6.207)
	- Recognised in the statement of other comprehensive income		-	(0.141)
	- Recognised in retained earnings		-	-

The Company being a newly incorporated domestic companies engaged in manufacturing, the effective tax rate applicable to the Company is 17.16% as per section 115BAB of Income Tax Act, 1961.

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Notes to the financial statements for the period from 15th March 2023 to 31st March 2024

(All amounts are in Indian rupees million unless otherwise stated)

23 Earnings per share

Particulars	31 March 2024
Reconciliation of basic and diluted shares used in computing earnings per share	
Weighted average number of basic equity shares	2,13,446
Weighted average number of diluted equity shares	2,13,446
Computation of basic and diluted earnings per share	
Net profit after tax attributable to equity shareholders	(32.059)
Basic earnings per equity share of INR 2 each (in Rs.)	(150.20)
Diluted earnings per equity share of INR 2 each (in Rs.)	(150.20)

24 Capital commitments and contingent liabilities

Particulars	31 March 2024
a. Capital commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	221.643
b. Contingent liabilities	NIL

25 Disclosures pursuant to Ind AS 115-Revenue from Contracts with Customers

Particulars	31 March 2024
Contract revenue recognised during the year (excluding taxes)	196.163
Aggregate amount of contract costs incurred and recognised profits (less recognised losses)	-
Customer advances outstanding for contracts in progress	-
Retention money due from customers for contracts in progress	-
Gross amount due from customers for contract work (presented as contracts in progress)	-
Gross amount due to customers for contract work (presented as dues to customers relating to contracts in progress)	-

I) Revenue by category of contracts:

Particulars	31 March 2024
At a point-in-time basis	196.163
Total revenue from contracts with customers	**196.163**

II) Revenue by geographical market:

Particulars	31 March 2024
Outside India	196.163
Total revenue from contracts with customers	**196.163**

III) Contract balances

Particulars	31 March 2024
Trade receivables	90.969

26 Segment reporting

The business activities of the Company from which it earns revenues and incurs expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. process and project engineering. The Company derived 100% of its revenue from outside India.

Revenue contributed by 2 customers individually account for more than 10% of the Company's total revenue.

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27 Related party transactions

a) Holding Company
Praj Industries Limited

b) Fellow-Subsidiary Companies
Praj Engineering & Infra Limited
Praj Far East Co. Limited
Praj Americas Inc.
Praj HiPurity Systems Limited
Praj Far East (Philippines) Inc.

c) Key management personnel and their close members of family

Chairman	Dr. Pramod Chaudhari
CBO and Whole time Director	Abhijit Dani
Director	Shishir Joshipura
	Sachin Raole
	Sivaramakrishnan Iyer
Directors of Holding Company	Dr. Pramod Chaudhari
	Shishir Joshipura
	Sachin Raole
	Parimal Chaudhari
	Dr. Shridhar Shukla
	Suhas Baxi
	Rujuta Jagtap (From 21 August 2023)
	Vianayak Deshpande (from 31 March 2024)
	Utkarsh Palnitkar (from 31 March 2024)
	Mrunalini Joshi (Upto 10 August 2023)
	Berjis Desai (Upto 31 March 2024)
	Sivaramakrishnan S. Iyer (Upto 31 March 2024)

d) Transactions and balances with related parties have been set out below:

Particulars	31 March 2024
Praj Industries Limited	
Equity Share Capital (including shares issued to nominee holders)	0.500
Inter Corporate Loan taken	798.500
Interest on Inter Loan Deposit	33.038
Office Rent Expense	1.496
Expenses incurred and reimbursed thereof	0.172
Inter Corporate Deposit Payable	798.500
Interest on Inter Corporate Deposit Payable	29.734
Other Payable	1.026
Abhijit Dani	
Remuneration	9.076

Note: Transactions with related parties are at arms length price and the balances receivable / payable are un-secured. The terms of payment are generally similar to those of other non-related parties.

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28 Leases

The company classifies the lease transactions as per the requirements of IND-AS 116 "Leases"

Nature of Leasing activity:

The Company has entered into lease arrangements for office and factory premises, residential premises for its employees, plant & machinery, and vehicles.

The disclosures relating to leases are as summarised below:

Particulars	31 March 2024
Depreciation for right-of-use asset - expense	41.813
Depreciation for right-of-use asset - capitalised	78.643
Interese expense on lease liabilities	53.649
Expenses relating to short-term / low value leases	2.412
Total Cash outhflow for leases	184.058
Carrying amount of right-of-use asset	1339.440
Maturity analysis of lease liabilities:	
- less than 1 year	68.563
- between 1 to 3 years	589.558
- more than 3 years	603.798

29 Employee benefits

a) Defined contribution plans

The Company has recognised INR 2.275 towards post-employment defined contribution plans comprising of provident and superannuation fund in the statement of profit and loss.

b) Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company is required to provide post-employment benefit to its employees in the form of gratuity. The Company's plan is unfunded. In accordance with the Standard, the disclosures relating to the Company's gratuity plan are provided below:

The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	31 March 2024
Present value of obligation as at the beginning of the period	-
Interest cost	-
Current service cost	-
Benefits paid	-
Remeasurements on obligation - (gain) / loss	0.822
Present value of obligation as at the end of the period	**0.822**

Amounts recognised in the balance sheet are as follows:

Particulars	31 March 2024
Present value of obligation as at the end of the period	0.822
Fair value of plan assets as at the end of the period	-
Surplus / (deficit)	**(0.822)**

Amounts recognised in the statement of profit and loss are as follows:

Particulars	31 March 2024
Current service cost	-
Net interest (income) / expense	-
Net periodic benefit cost recognised in the statement of profit and loss at the end of the period	**-**

Amounts recognised in the statement of other comprehensive income (OCI) are as follows:

Particulars	31 March 2024
Remeasurement for the period - obligation (gain) / loss	0.822
Total remeasurements cost / (credit) for the period	**0.822**

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Principal actuarial assumptions used in determining gratuity benefit obligations for the Company's plans are as follows:

Particulars	31 March 2024
Discount rate	7.20%
Rate of increase in compensation levels	9.00%
Mortality Rate	IALM(2012-14) ult
Expected average remaining working lives of employees (in years)	11.02
Withdrawal rate	
Age upto 30 years	7.00%
Age 31 - 40 years	7.00%
Age 41 - 50 years	7.00%
Age above 50 years	7.00%

A quantitative sensitivity analysis for significant assumptions is shown as follows:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation. Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%):

a) Impact of change in discount rate when base assumption is decreased / increased by 100 basis point

Discount rate	Present value of obligation 31 March 2024
Decrease by 1% to 6.20%	0.906
Increase by 1% to 8.20%	0.750

b) Impact of change in salary increase rate when base assumption is decreased / increased by 100 basis point

Salary increment rate	Present value of obligation 31 March 2024
Decrease by 1% to 8.00%	0.758
Increase by 1% to 10.00%	0.896

c) Impact of change in withdrawal rate when base assumption is decreased / increased by 100 basis point

Withdrawal rate	Present value of obligation 31 March 2024
Decrease by 1% to 6.00%	0.833
Increase by 1% to 8.00%	0.813

Risk Exposure and Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability Risks

a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk-

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Unfunded Plan Risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in company's financials and also benefit risk through return on the funds made available for the plan.

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30 Fair value measurements

This note explains the judgements and estimates made in determining the fair value of the financial instruments that are recognised & measured at I. fair value, and II. amortised cost for which the fair values are considered to be same as the amortised costs disclosed in the financial statements. They are further classified into Level 1 to Level 3 as required by the accounting standard and described in the material accounting policies of the company. Further the note describes valuation techniques used, key inputs to valuation and quantitative information about significant unobservable inputs for fair value measurement where ever applicable.

As per assessments made by the management, fair values of all financial instruments carried at amortised cost are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest.

Sr.No	Particulars	Carrying value
		31 March 2024
	Levelled at level 2	
	Financial asset	
a)	**Carried at amortised cost**	
	Security deposits	149.543
	Trade receivable	90.969
	Other receivables	0.034
	Cash and cash equivalents and other bank balances	236.430
	Levelled at level 2	
	Financial liabilities	
a)	**Carried at amortised cost**	
	Borrowings	828.234
	Trade payables	76.347
	Lease Liability	1261.919
	Other payables	10.017

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31 Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and lease laibilities. The main purpose of these financial liabilities is to finance company's operations. Company's principal financial assets include trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, external credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk- Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, Including use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy.

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit risk

Credit risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon intial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

(i) Actual or expected significant adverse changes in business,
(ii) Actual or expected significant changes in the operating results of the counterparty,
(iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,

(iv) Significant increases in credit risk on other financial instruments of the same counterparty,
(v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 180 days past due. The amount of provision depends on certain parameters set by the Company in its provisioning policy Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Provision for expected credit loss

Financial assets for which loss allowance is measured using 180 days Expected Credit Losses (ECL)

Exposure to risk	31 March 2024
Trade receivables	90.969
Less : expected loss	-
	90.969

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(All amounts are in Indian rupees million unless otherwise stated)

31 Financial risk management policy and objectives

	31 March 2024
Trade receivables	
Neither past due nor Impaired	-
Less than 180 days	90.969
181 - 365 days	-
More than 365 days	-
Total	**90.969**

Reconciliation of loss provision

	FY 2023-24
Opening loss allowance	-
Changes in loss allowance	-
Closing loss allowance	-

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Exposure to risk	**31 March 2024**
Interest bearing borrowings	
On demand	-
Less than 180 days	547.234
181 - 365 days	281.000
More than 365 days	-
Total	**828.234**
Other financial liabilities	
On demand	-
Less than 180 days	9.432
181 - 365 days	0.585
More than 365 days	-
Total	**10.017**
Trade payables	
Not Due	67.985
Less than 180 days	8.362
181 - 365 days	
More than 365 days	-
Total	**76.347**
Lease liability	
Not Due	-
Less than 180 days	29.162
181 - 365 days	39.400
More than 365 days	1193.356
Total	**1261.919**

The company has access to following undrawn facilities at the end of the reporting period

	31 March 2024
Expiring within one year	-
Expiring beyond one year	-

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31 Financial risk management policy and objectives

(C) Foreign currency risk

The company is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The company evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the company's policy.

Foreign currency exposure :

Financial assets	Currency	Amount in foreign currency	Amount in INR
		31 March 2024	31 March 2024
Trade receivables	EUR	0.220	19.555
	USD	0.865	71.414

Financial liabilities	Currency	Amount in foreign currency	Amount in INR
		31 March 2024	31 March 2024
Trade payables	USD	0.124	10.432

Foreign currency wise net exposure (assets less liabilities)

Particulars	Amount in foreign currency	Amount in INR
	31 March 2024	31 March 2024
EUR	0.220	19.555
USD	0.741	60.982

Sensitivity analysis

Currency	31 March 2024			
	Amount in INR	Sensitivity %	Impact on profit [Loss / (Gain)]	
			Strengthen	Weakening
EUR	19.555	5.00%	(0.978)	0.978
USD	60.982	5.00%	(3.049)	3.049
Total	**80.537**		**(4.027)**	**4.027**

(EUR - Euro, USD - US Dollar)

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32 Ageing schedule for Trade Receivables, Trade Payables and Capital Work-in-progress

(A) The table below provides details regarding Trade receivables ageing schedule

Particulars	31 March 2024						
	Unbilled dues/Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 Year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	90.969	-	-	-	-	90.969
(ii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total	**-**	**90.969**	**-**	**-**	**-**	**-**	**90.969**

(B) The table below provides details regarding Trade payables ageing schedule

Particulars	31 March 2024					
	Unbilled dues/Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) MSME	17.960	1.986	-	-	-	19.946
(ii) Other	50.025	6.376	-	-	-	56.402
Total	**67.985**	**8.362**	**0.000**	**0.000**	**0.000**	**76.347**

(C) The table below provides details regarding Capital Work-in-progress (CWIP) ageing schedule

Particulars	31 March 2024				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Capital Work-in-progress	20.295	-	-	-	20.295
Total	**20.295**	**-**	**-**	**-**	**20.295**

Projects whose completion is overdue or has exceeded its cost compared to original plan as at the period ended 31 March 2024: INR NIL.

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Notes to the financial statements for the period from 15th March 2023 to 31st March 2024

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33 Analytical Ratios

Sr. No.	Ratio	Numerator	Denominator	31 March 2024
1	Current ratio	Current assets	Current liabilities	0.37
2	Debt-equity ratio	Debt	Net worth	NA
3	Debt service coverage ratio	Profit after tax excluding exceptional items+Finance Cost+Depreciation and amortisation	Interest & Lease Payments + Principal Repayments	0.54
4	Return on equity ratio	Profit after tax	Average Shareholder's Equity	99%
5	Inventory turnover ratio	Cost of Materials consumed + Changes in Inventory + Consumption of stores and spares	Average Inventory	0.12
6	Trade receivables turnover ratio	Sales (billed to customer)	Average Accounts Receivable	2.16
7	Trade payables turnover ratio	Net credit purchases	Average Trade Payables	0.15
8	Net capital turnover ratio	Sales	Average Working capital	(0.31)
9	Net profit ratio	Profit After Tax	Sales	-16.34%
10	Return on capital employed	Earning Before Interest & Tax	Capital Employed	6.13%
11	Return on investment i. Fixed Deposits	Income from Investments	Investment	3.00%

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34 Other Notes

i Details of Benami Property

The Company does not own any benami property neither any proceedings are initiated or pending against the Company under the Prohibition of Benami Property Transactions Act, 1988.

ii Borrowings secured against current assets

The Company does not have any fund based borrowings from banks or financial institutions on the basis of security of current assets.

iii Wilful Defaulter

The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.

iv Relationship with Struck off Companies

As per the information available with the Company, the Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

v Registration of charges with ROC

The Company does not have any charges that need to be registered with the ROC.

vi Utilisation of Borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) nor has it received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries), or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

vii Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

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35 Capital management

Risk management

The company's objectives when managing capital are to
-safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
-Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet).

The gearing ratios were as follows:

	31 March 2024
Loans and borrowings	828.234
Less: Cash and cash equivalents	236.430
Net debt (A)	**591.804**
Equity	(32.240)
Capital and net debt (B)	**559.564**
Gearing ratio (A/B)	**106%**

36 These financial statements are the first Financial Statements of the Company after its incorporation on 15th March 2023 and thus the corresponding comparatives amounts for the immediately preceding reporting period for all items in the Financial Statements have not been presented. Furthermore, the Company started its operation in the second half of FY 2023-24. The holding company (Praj Industries Limited) is committed to support the company to meet its financial liabilities.

For P G BHAGWAT LLP
Chartered Accountants
Firm Regn. No: 101118W/W100682

Abhijeet Bhagwat
Partner
Membership No.: 136835

Place: Pune
Date: 28 May 2024

P G BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of Praj GenX Limited

Dr. Pramod Chaudhari
Chairman
(DIN : 00196415)

Abhijit Dani
CBO and Whole time Director
(DIN : 6767700)

Shishir Joshipura
Director
(DIN : 00574970)

Place: Pune
Date: 28 May 2024

Sachin Raole
Director
(DIN : 00431438)

Place: Pune
Date: 28 May 2024

Hiranya Deshmukh
Company Secretary
(M. No.: A51912)

Place: Pune
Date: 28 May 2024

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